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Extract from Rigsrevisionen's report on
the regional TV 2 stations
submitted to the Public Accounts Committee



1849
147.281
237
1976
114.6
22.480
908

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1. Introduction and conclusion

1.1. PURPOSE AND CONCLUSION

1. This report concerns the activities of the regional TV 2 stations. The purpose of the regional stations is to produce and distribute regional news via television, internet and other platforms in compliance with the wishes of their respective audiences and the terms of the public-service contracts entered between the regions and the Danish Ministry of Culture.

We initiated the study in October 2015, because we had made the following general observations during our ongoing audit of the regional stations: (1) it was difficult to get a clear, cross-cutting picture of how the regional stations managed their production in relation to output, that is, quality and number of hours broadcast and news articles produced; (2) it was not possible to determine if the performance targets that the regional stations planned and managed their production by were the most relevant; (3) it was not possible to ascertain the extent to which the Ministry of Culture, as holder of the contracts, contributed to ensuring that the regional stations fulfilled their obligations in conformity with the public-service contracts.

The purpose of the study is to assess the transparency in the activities of the regional stations and the extent to which the Ministry of Culture is fulfilling its duties as holder of the contracts with the regional stations. The report answers the following questions:

- Do the TV 2 regional stations have sufficient knowledge of the relationship between costs and output?
- Is the Ministry of Culture managing the contracts with the regional TV 2 stations in a clear and satisfactory manner?

PUBLIC-SERVICE CONTRACTS

Public-service contracts generally run for four years, but may be effective for shorter periods too. The parties to the contracts are the individual TV 2 regions and the Minister for Culture. The contracts include information on licence fee revenue and the public-service obligations that the regional TV 2 stations are required to fulfil.

CONCLUSION

Rigsrevisionen has established that the Ministry of Culture as well as the regional stations have limited knowledge of whether the individual regions, over time, and based on the production conditions defined by the regions, deliver their services efficiently. This can be explained by the lack of transparency in the activities of the regional stations in combination with the fact that the Ministry of Culture is not adequately fulfilling its duties as holder of the public-service contracts with the regional TV 2 stations.

The regional stations' obligation to deliver value for money for the licence fees is not adequately addressed by the Ministry of Culture in the public-service contracts. This is not considered satisfactory by Rigsrevisionen. The contracts are not imposing any clear demands on the regional stations' performance in terms of production and quality, and consequently local management tend not to focus on these aspects either.

The absence of performance targets in the contracts leaves the Ministry of Culture without an accurate basis for monitoring the volume and quality of the productions made by the regions. Moreover, since the regional stations generally have not defined any such performance targets either, they decide for themselves how many programmes they want to produce and in what quality. As a consequence of the way in which the Ministry of Culture manages the public-service contracts with the regional stations, no-one takes overall responsibility for following up on the regions' public-service obligation, according to which they shall continue their efforts to increase the efficiency of their activities in the period 2015 to 2018.

The study shows that because several of the requirements included in the public-service contracts are not clearly defined, the regional stations have interpreted the requirements in different ways. The ministry's follow-up activities are based on an annual statement issued by the Danish Radio and Television Board. However, the Radio and Television Board is only required to assess whether the regional stations are fulfilling their public-service obligations formally; the board is not evaluating the quality of the output produced by the regional stations. As a consequence of this practice, the Ministry of Culture has only an incomplete picture of whether the regions have fulfilled their public-service obligations as intended.

The study shows that, generally, the individual regional stations do not have systematic knowledge of the relationship between costs and output. Having access to data on this relationship is essential when management have to prioritise core tasks or define new performance targets for the company. None of the regional stations estimate the costs of core production, and there are significant differences between the regional stations in terms of how much they spend on core production and on overhead. There are also huge differences between the number of programmes and services delivered by the regional stations, and the size of audiences reached by the regional channels varies, which – according to the regional stations – is not an indicator of quality, but of penetration or success. The differences internally or between the regional stations cannot be explained through deliberate management decisions.

CORE BUSINESS

The regional stations have informed Rigsrevisionen that they deliver three core services:

- Regional TV productions broadcast on TV 2 Danmark A/S' national channel
- TV productions for their own regional channels
- News for digital presentation, for instance on the websites of the regional stations.